



# ENERGY ASSURANCE DAILY

Thursday Evening, October 02, 2008

## Major Developments

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### **Just Over Half of Oil Production Remains Shut in Gulf of Mexico—Just Under Half of Natural Gas Output Still Down October 2**

An estimated 714,501 b/d of oil production and 3,413 MMcf/d of natural gas output remained shut in the Gulf of Mexico October 2, the Minerals Management Service (MMS) said. Those totals account for about 55.0 percent of the region's oil production, and approximately 46.1 percent of its natural gas output. Based on data from offshore operator reports submitted as of 12:30 EDT October 2, personnel were evacuated from a total of 116 production platforms, equivalent to 16.7 percent of the 694 manned platforms in the Gulf of Mexico. Offshore oil and gas operators continued to reboard platforms and rigs and restore production, according to the MMS.

<http://www.mms.gov/oc/press/2008/press1002.htm>

### **More than 61,000 b/d of Oil Production and an Estimated 648 MMcf/d of Natural Gas Output Still Down in Louisiana after Hurricanes Gustav and Ike October 2**

On October 2, Louisiana's Department of Natural Resources reported that 66,798 b/d, or 42.9 percent of the normal Louisiana oil production, had been restored. Operators in 17 parishes and in-State offshore areas normally produce 155,767 barrels/day (the numbers are in addition to MMS reports of Federal offshore production). Shut-in oil production totaled 61,862 b/d and the status of the remaining 27,107 b/d was unknown. The estimated amount of restored gas production was 712 MMcf/d, or 43.3 percent of the daily 1,642 MMcf/d gas production capacity. An estimated 648 MMcf/d of gas production remained shut-in; the status of the remaining 282 MMcf/d had not been confirmed.

<http://dnr.louisiana.gov/sec/execdiv/pubinfo/daily-onshore-prod.ssi>

### **Shell Updates Status Regarding Hurricane Recovery**

Shell production in the Gulf of Mexico, which typically runs in the 350,000 boe/d range, has recovered to 110,000 boe/d, the company said October 1. The Shell-operated Mars facility has returned to service, and the West Delta 143 and Ursa will be on line later this week. Mars, West Delta 143 and Ursa normally produce about 300,000 boe/d. Shell said October 2 that its Delta pipeline system was operating at nearly normal rates, its Amberjack pipeline was transporting oil from limited platforms, and its Mars pipeline had resumed oil shipments. The company expected its Ursa pipeline to resume oil throughput in the next couple of days, but its Boxer and Cougar pipeline was still down, awaiting repairs and restarts of associated systems. Among onshore pipelines, the Houma-to-Houston pipeline was operating mostly at requested rates, and the Capline was moving normally.

[http://www.shell.com/home/content/usa/aboutshell/media\\_center/hurricane\\_center/storm\\_updates/2008/ike/ike\\_56\\_100108.html](http://www.shell.com/home/content/usa/aboutshell/media_center/hurricane_center/storm_updates/2008/ike/ike_56_100108.html)

Reuters, 12:12 October 2, 2008

Bloomberg News, 12:30 October 2, 2008

### **Shell Reports Fire During Unit Restart at 329,800 b/d Deer Park, Texas Refinery September 30**

Workers discovered a gasket flange leak on a platformer unit during its restart from Hurricane Ike. The leak ignited and burned for about 2 hours and 15 minutes, according to a filing with state regulators. The fire occurred late September 30, and Shell expected to restart the unit yesterday, October 1. The platformer unit generates gasoline components. Noting the incident's short duration, Shell said it anticipated little affect to gasoline production.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=114875>

Reuters, 09:06 October 2, 2008

## **Shell Postpones Planned Work at 236,400 b/d Motiva Refinery in Norco, Louisiana on Hurricane Recovery-Related Issues**

Shell deferred its planned turnaround to help “rebuild finished product inventories,” impacted by Hurricanes Gustav and Ike, a plant spokesman said.

Bloomberg News, 11:48 October 2, 2008

## **ConocoPhillips' Quarterly Oil-and-Gas Output Dips on Hurricanes Ike and Gustav**

ConocoPhillips oil and natural gas output fell by about 20,000 boe/d due to Hurricanes Gustav and Ike, the company reported October 2.

Reuters, 08:48 October 2, 2008

## **Electricity Back at Port Fourchon in Louisiana, Commission Says October 2**

Port Fourchon provides for approximately 60 percent of the drilling rigs along the coasts of Louisiana, Mississippi and Alabama. The Louisiana Offshore Oil Port will be capable of resuming full service as soon as electricity returns to its booster station at Port Fourchon.

Bloomberg News, 11:33 October 2, 2008

## **Sabine Pipe Line Lifts Force Majeure Along Multiple Points October 2**

Sabine Pipe Line lifted its force majeure at three points, saying it would accept nominations for this evening's gas flow cycle. Sabine operates a 131-mile, Louisiana-to-Texas natural gas pipeline.

Reuters, 10:54 October 2, 2008

## ***Electricity***

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### **SCE's 1,080 MW San Onofre Nuke Unit 3 in California Reduced to 65 Percent by October 2**

Edison slowed the unit to 75 percent power last week due to a “maintenance issue” with a water pump, an Edison spokesman said. The spokesman also said the unit was still operating at 75 percent. The Nuclear Regulatory Commission, however, reported this morning that it had reduced further to 65 percent.

Bloomberg News, 11:08 October 2, 2008

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

### **Exelon's 855 MW Quad Cities Nuke Unit 2 in Illinois Reduced to 37 Percent by October 2**

The unit slowed due to a “water-pump trip” an Exelon spokeswoman said. Operators are returning the unit to full output, she said. The Nuclear Regulatory Commission reported that on the morning of October 1 the unit was operating at 97 percent.

Bloomberg News, 12:52 October 2, 2008

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

### **Update: APS's 1,247 MW Palo Verde Nuke Unit 3 in Arizona Ramped Up to 76 Percent by October 2**

The unit stalled on September 27 due to high turbine vibrations. At the time of the incident, operators were slowing the unit for a shutdown related work in the secondary plant, a news source said. The Nuclear Regulatory Commission reported that on the morning of October 1 the unit was operating at 42 percent.

Reuters, 07:24 October 2, 2008

Bloomberg News, 07:01 October 2, 2008

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

### **Update: Exelon Restarts 1,170 MW La Salle Nuke Unit 1 in Illinois by October 2**

The company stalled the unit to perform maintenance on the main generator, a spokesman said previously. That work included fixing a seal, he said.

Bloomberg News, 07:21 October 2, 2008

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

### **Update: Exelon's 912 MW Dresden Nuke Unit 2 in Illinois Ramped up to 97 Percent by October 2**

Exelon stalled the unit September 25 due to indications of low steam pressure in a condenser related to the main turbine, a spokeswoman said previously.

Bloomberg News, 06:52 October 2, 2008

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

### **Update: Luminant Restarts 593 MW Big Brown Coal-fired Unit 2 in Texas October 2**

Luminant restarted the unit early this morning, October 2, a spokesman said. The unit originally stalled on September 29 after the loss of oil pressure in a booster fan, a news source reported. Luminant postponed an initial attempt to restart the unit September 30 after "an electrical ground was found in the electrostatic precipitator (ESP) 2-2 Outlet West," according to a filing with state regulators.

Bloomberg News, 11:19 October 2, 2008

Reuters, 08:00 October 1, 2008

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=114756>

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=114813>

### **AES's 226 MW Huntington Beach Gas-fired Unit 2 in California Returns to Service by October 1**

According to the California Independent System Operator, the unit returned from an unplanned outage.

<http://www.caiso.com/unitstatus/data/unitstatus200810011515.html>

### **Enmax's 250 MW Calgary Gas-fired Unit in Alberta Shut October 1**

Reuters, 8:10 October 2, 2008

### **Update: OPG Restarts 450 MW Nanticoke Coal-fired Unit 1 in Ontario October 1**

Bloomberg News, 10:36 October 2, 2008

### **UniStar Nuclear Energy Files With NRC for Potential 1,600 MW Nuclear Reactor at Nine Mile Point Nuclear Station in New York**

UniStar Nuclear Energy submitted a combined license application to the U.S. Nuclear Regulatory Commission (NRC) for a possible new reactor September 30, according to a press release. UniStar Nuclear Energy is a joint venture of Constellation Energy and EDF Group. The venture has not yet decided whether it will actually construct the new reactor, but said it expects the NRC's review to last 36-42 months.

<http://www.unistarnuclear.com/news.htm>

### **Horizon Wind Energy to Begin Production at 103 MW Rattlesnake Road Wind Farm in Oregon This Week**

The company planned to host a dedication ceremony today, October 1. The 103 MW facility consists of forty-nine 2.1 MW turbines, and will be fully operational by the end of 2008, according to a press release.

<http://www.edprenovaveis.com/en/index.asp?MP=86&MS=338&MN=2&id=69>

### **Northwestern Band of Shoshone Nation Plans Groundbreaking Ceremony for 100 MW Shoshone Renaissance Geothermal Power Plant in Utah October 2**

The Northwestern Band of Shoshone Nation planned to groundbreaking ceremony for today, October 2 at 12 PM.

[http://www.prnewswire.com/cgi-bin/stories.pl?ACCT=ind\\_focus.story&STORY=/www/story/10-01-2008/0004896367&EDATE=WED+Oct+01+2008,+06:27+PM](http://www.prnewswire.com/cgi-bin/stories.pl?ACCT=ind_focus.story&STORY=/www/story/10-01-2008/0004896367&EDATE=WED+Oct+01+2008,+06:27+PM)

### **Enel Inaugurates 250 MW Smoky Hills Wind Farm in Kansas**

The farm will be operational by 2008's end, Enel said.

Reuters, 11:20 October 2, 2008

## **Study Suggests United States Could See Massive Power Outages in 2009, as Power Generation Fails to Keep Pace with Soaring Demand**

The United States could suffer costly—and in some cases life-threatening—power outages in 2009, if temperatures rise unusually high for significant stretches of time, a new study said. The study, conducted by the non-profit NextGen Energy Council, said that the nation's "capacity reserve margin" in electricity generation has dipped below reliable levels. Also needed are new transmission lines and more wind turbines, the study said.

[http://www.redorbit.com/news/technology/1575722/study\\_lights\\_out\\_in\\_2009/](http://www.redorbit.com/news/technology/1575722/study_lights_out_in_2009/)

## **Financial Woes Could Stunt Nuclear Power Expansion—Bodman**

New nuclear power plants would require significant investments, and take many years to build, and U.S. Energy Secretary Samuel Bodman said such long-term ventures "are the ones that are going to be the most difficult to finance," given the current financial tumult. Bodman expressed optimism that the crisis would be fixed, and said he did not think the downturn would impact shorter-length projects, like oil drilling.

[http://ap.google.com/article/ALeqM5hfDkNKoFCorefh\\_8FUGI91muJeEAD93HTH7O0](http://ap.google.com/article/ALeqM5hfDkNKoFCorefh_8FUGI91muJeEAD93HTH7O0)

## **Petroleum**

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### **Brief Upset with FCC at ConocoPhillips' 146,000 b/d Borger, Texas Refinery October 1**

ConocoPhillips reported a brief upset with the gasoline-producing fluid catalytic cracking unit (FCC) at its Borger Texas refinery October 1. According to a company representative, the incident did not impact production.

Reuters, 12:45 October 2, 2008

Bloomberg News, 12:36 October 2, 2008

### **Update: BP to Restart Production at 240,000 b/d Oil, 400 MMcf/d Gas Greater Plutonio Oil Fields in Angola Next Week**

BP plans to restart its Greater Plutonio oil fields in Angola next week, a company spokesman said. The fields shut in mid-August after a gas equipment malfunction on the fields' floating, production, storage and offloading vessel. The vessel has the capacity to process up to 240,000 b/d of oil and 400 MMcf/d of natural gas.

Bloomberg News, 12:01 October 2, 2008

### **Update: Oil Exports Dip in September from Batumi Port on Georgian Black Sea Russia-Georgia War Partly to Blame, Terminal Source Says**

The Batumi Oil port along the Georgian Black Sea exported about 2.6 million barrels of crude and refined products in September 2008, down from 4.0 million barrels in August 2008 and 6.0 million barrels in September 2007.

Increased railway costs in bordering Azerbaijan, and boosted shipments through the recently-opened Baku-Tbilisi-Ceyhan pipeline were partly to blame for the year-on-year drop. The decline worsened in August, however, due to the Georgia-Russia war, a terminal source said. The fighting caused explosions in an associated Georgian railway.

Reuters, 09:36 October 2, 2008

### **Russian Crude Production Dips for Ninth Consecutive Month in September Nation Nears First Annual Decline in a Decade**

Russia produced 9.83 million b/d of oil in September 2008, marking a 0.4 percent dip from the same month last year. Russian output, slowed by aging fields and less-accessible reserves, has dropped for nine consecutive months. Should the trend continue, Russian production could decline year-on-year for the first time since 1998.

Bloomberg News, 05:12 October 2, 2008

### **Shell and Russian Explorer in Talks to Develop 774 Million Barrel Srednebotuobinskoye Field in Eastern Siberia**

Shell and Russian explorer OOO Taas Yuriakh Neftegazdobycha are discussing forming a venture to develop the field, which could contain about 774 million barrels of oil. The deal would require Russian government approval.

Bloomberg News, 00:48 October 2, 2008

## Natural Gas

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### Update: Tres Palacios Gas Storage Begins Commercial Operations at Natural Gas Storage Facility in Texas October 1

Tres Palacios Gas Storage opened the first of three storage caverns at its Matagorda County, Texas facility October 1, a press release said. The cavern has a storage capacity of about 12 Bcf. The company expects the remaining two caverns to enter service in 2009/2010, boosting the facility's storage capacity to approximately 36 BCF, its injection capability to 1 Bcf/d, and its withdrawal capacity to 2.5 Bcf/d. Tres Palacios Gas Storage is a wholly-owned subsidiary of NGS Energy, L.P.

<http://www.marketwatch.com/news/story/tres-palacios-gas-storage-commences/story.aspx?guid=%7B0CA70EB1-3FEA-49FD-9D71-DAA7A3265DDE%7D&dist=hppr>

## Other News

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### EU Seeks Quick Combat Deployments to Stifle Pirates off African Coast Imperiled Seaway is Vital to Gulf Crude Shipments

Pirates have hijacked more than 24 ships this year in the Gulf of Aden—a thin waterway between Somalia and Yemen—leading to calls from the European Union for urgent combat action. An estimated 16,000 vessels traverse the seaway every year, and it is seen as vital to oil shipments through the Gulf. As the risk rises, so too do the insurance costs for shippers; some companies have considered redirecting shipments around South Africa's Cape of Good Hope. The piracy problem stems from political turmoil ashore, in the "failed state" of Somalia, according to the author of a recent report.

<http://www.voanews.com/english/2008-10-02-voa31.cfm>

<http://africa.reuters.com/wire/news/usnL2556506.html>

<http://www.energyintel.com/#latest>

## Energy Prices

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U.S. Oil and Gas Prices			
October 2, 2008			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	94.69	109.00	80.00
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	7.41	8.13	6.55

Source: Reuters

## Energy Notes

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### Update: Michigan Public Service Commission Says Felled Trees, Call Center Problems and Scale of Damage to Blame for Lengthy DTE Consumers Energy Outages in June

<http://www.detnews.com/apps/pbcs.dll/article?AID=/20080930/METRO/809300321/1409/METRO>

### Update: Massachusetts Attorney General Appeals NRC Ruling Regarding Nuclear Power Plant Safety, Two Months after NRC Rejected Bid to Weigh New Information about Risks Pertaining to Major Safety-Related Events, Such as Terrorist Attacks

<http://www.capecodonline.com/apps/pbcs.dll/article?AID=/20081001/NEWS/810010312/-1/NEWS>

**Update: Sierra Pacific Resources' NV Energy Receives PUC Approval to Build 484 MW Gas-fired Power Plant at Harry Allen Generating Station in Nevada**

<http://biz.yahoo.com/bw/081001/20081001006652.html?.v=1>

**Furnace Alarm, Chemical Release at Chevron's 260,000 b/d El Segundo, California Refinery**

Bloomberg News, 15:50 October 1, 2008

**Update: Sulfur Unit Shutdown Has no Affect to Production at ConocoPhillips' 247,000 b/d Sweeny, Texas Refinery September 30**

Bloomberg News, 14:30 October 1, 2008

**Valero Obtains Regulatory Okay to Dredge Silted Cooling Water System at 182,200 b/d Delaware City, Delaware Refinery**

Bloomberg News, 05:30 October 2, 2008

**Equipment Breakdown Triggers Flaring at ExxonMobil's 149,500 Torrance, California Refinery October 2**

Bloomberg News, 10:29 October 2, 2008

**Oil Could Dip to \$50 a Barrel Next Year, in "Unlikely" Case of Worldwide Recession—Merrill Lynch**

Bloomberg News, 06:13 October 2, 2008

**U.S. Senate Passes Tax Breaks for Alternative Energies in \$700 Billion Financial Bill**

Bloomberg News, 00:16 October 2, 2008

**OPEC Crude Exports, Not Including Angola or Ecuador, to Rise by 190,000 b/d in Four Weeks to October 18, Compared to Prior Period—Oil Movements Attributes Jump to Increased Shipments to Europe and U.S.**

Bloomberg News, 11:30 October 2, 2008

Reuters, 11:30 October 2, 2008

**NNPC's Chanomi Creek Pipeline Ruptures in Nigeria—Unconfirmed Reports Suggest Militant Attacks, but Chevron Says No Disruption to Supplies—Pipeline Delivers Crude from Chevron, Shell Oilfields to Nigerian Refiners**

<http://www.platts.com/Oil/News/8067101.xml?p=Oil/News&sub=Oil>

Reuters, 11:41 October 2, 2008

Bloomberg News, 01:54 October 2, 2008

Bloomberg News, 09:06 October 2, 2008

**Update: Nigerian Oil Workers Union, NUPENG, Extends Strike Deadline to Next Week in Labor Dispute with Chevron—Union Has Said Strike Would Target Oil Output**

Reuters, 11:38 October 2, 2008

**Update: Mexico's Coatzacoalcos Oil Exporting Port in Gulf of Mexico Still Shut on Harsh Weather October 2**

Reuters, 11:27 October 2, 2008

**Tests Complete, 14-mile, 1 MMcf/d Nuiqsut Natural Gas Pipeline from Alpine, Alaska Set to Come Online Soon—Will Supply Nuiqsut Community in North Slope**

<http://www.adn.com/news/alaska/story/543399.html>



**Update: Islander East Pipeline Asks U.S. Supreme Court to Review Lower Court's Affirmation of Connecticut Rejection of Water Quality Permit for Planned Connecticut-New York Natural Gas Pipeline**

<http://intelligencepress.com/>

**Pemex Plans 70,000 b/d Pipeline to Transport Imported Fuel from Tuxpan Terminal on Gulf of Mexico Coast**

[http://www.downstreamtoday.com/News/Articles/200810/Pemex\\_To\\_Build\\_New\\_Pipeline\\_for\\_Imported\\_13123.aspx](http://www.downstreamtoday.com/News/Articles/200810/Pemex_To_Build_New_Pipeline_for_Imported_13123.aspx)

**Update: International Port of Coos Bay Extends Land Sale Agreements with Jordan Cove Energy Project and Weyerhaeuser Company to December 2009, Giving Planned LNG Terminal another Year**

<http://www.ktvz.com/Global/story.asp?S=9105246>

**Update: Enbridge Could See Fines up to \$2.4 Million Related to November 2007 Pipeline Explosion in Minnesota—Federal Regulators Say Company Committed Various Probable Violations, and Enbridge Says Findings Similar to Internal Review**

<http://www.startribune.com/local/30071574.html?elr=KArksLckD8EQDUoaEyqyP4O:DW3ckUiD3aPc:Yyc:aU7EaDiaMDCiUT>

**Brief Power Blip Stalls Most Plant Process Equipment and Field Production Facilities at Amerada Hess Seminole Gas Processing Plant in Texas October 2**

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=114885>

**Fullerton Gas Plant in Texas Shuts, Restarts October 1**

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=114876>

## Links

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***This Week in Petroleum*** from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

***Weekly Petroleum Status Report*** from EIA

[http://www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/weekly\\_petroleum\\_status\\_report/wpsr.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html)

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

***Natural Gas Weekly Update*** from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

### ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

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